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ABSTRACT

To moderate severe increases in the cost of labor, we must increase the labor supply to meet the increasing demand. This means we must assure equal employment opportunity for all in the industry, increase productivity through vocational training, adopt innovative techniques, and reduce seasonality, and make special arrangements in the construction industry for returning Vietnam veterans. People must be provided with the skills needed to take advantage of opportunities and bring supply more nearly into line with demand. Skilled construction labor has been in disturbingly short supply. The present Department of Labor Programs of Apprenticeship, Veterans' Training, Supplementary Training, Federal Construction Projects, and Equal Employment Opportunity have all been directed to expand training for construction skills by 50 percent, increasing this pace over the next 5 years. In so doing, one of the Nation's most pressing needs can be met: the need to open up new job opportunities for millions of working men and women. This is vitally important to bring the supply and demand of labor into better balance. (GR)

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EXCERPTS ON APPRENTICESHIP

FROM THE

PRESIDENT'S STATEMENT

Statement by the President on Combating Construction Inflation and Meeting Future Construction Needs

March 17, 1970

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U.S. Office of Education
Bureau of Adult, Vocational and Technical Education
Division of Vocational and Technical Education

EXCERPTS ON APPRENTICESHIP

From the President's Statement on Combating Construction
Inflation and Meeting Future Construction Needs

March 17, 1970

Today, as the result of five years of inflation, America is not building the housing that is needed to provide adequate shelter for her people.

Housing starts today have dwindled to a seasonally adjusted rate of 1.3 million per year. If we are to meet our projected housing needs, we must be producing new housing units at the rate of 2-1/2 million a year by 1975.

Our most urgent need is for homes that middle and lower income Americans can afford. Yet today, the average price of all new houses offered for sale is $27,000.

The basic reason why housing is in crisis today is that the cost of buying a house has skyrocketed during the past five years. To get at the root of the problem, we must take actions that will end the rampant inflation of construction costs.

Fundamental Causes

We do not get at the causes of this problem if we engage in any witchhunt for a villain. The basic problem is quite simply that the nation's needs for construction outran the industry's ability to expand its productive resources available.

The cost of construction is basically the cost of money, the cost of material, the cost of labor, the cost of management, and the cost of improved land.

To moderate severe increases in the cost of labor, we must increase the labor supply to meet the increasing demand. This means we must assure equal employment opportunity for all in the industry, increase productivity through vocational training, adopt innovative techniques, and reduce seasonality; and make special arrangements for returning Vietnam veterans in the construction industry.

A shortage of skilled labor runs up the cost of that labor. That is what has been happening in construction. While manufacturing wage settlements in 1969 were about 7 percent, they were almost double that in construction--14 percent. Employment opportunities in construction will multiply in the years ahead. We must provide people with the skills needed to take advantage of those opportunities and bring supply more nearly into line with demand.

To Moderate Severe Increases in the Cost of Labor

Skilled construction labor has been in disturbingly short supply. This shortage has contributed to recent construction industry wage settlements that exceed progress in labor productivity and increases in the general cost of living. They go well beyond the historical spread between construction wages and settlements in manufacturing industries. This is serious for the health of the industry, and it complicates the problem of achieving a new price-cost stability generally. Unions and employers must be cautious lest they price themselves out of the market to the detriment of the community as well as themselves. Unless we act now it will be impossible to meet our building needs.

Between now and 1978 almost 2 million new jobs will be created in the construction industry. The normal operation of the labor market will supply many of these workers, but new training and apprentice programs will be required and access to the skilled labor market must be eased to meet heavy demands in the 1970s.

Training and apprentice programs also must be developed to take advantage of technological opportunities in the home building industry. The nature of skills required may be modified by shifting part of the production and assembly of housing units to off-site industrial plants. It is significant that 400,000 mobile homes were produced last year--that industry is strong while traditional housing is depressed. There is clearly a demand for the kind of housing that new, low-cost production techniques could bring.

In the 1970's the construction industry will require a large, well-trained and expanding work force. Toward that end, I am directing the appropriate government agencies to carry out the following programs, reporting their progress at regular intervals to the Cabinet Committee on Construction.

A. Vocational Education

Vocational education programs now provide training to approximately 250,000 persons in skills used in the construction industry (though many ultimately enter other areas). In order to help meet the demand for more construction workers, I direct the designated Federal departments and agencies to give higher priority to training construction workers.

The Department of Labor will communicate to the State and local agencies of the United States Training and Employment Service the serious national shortage of construction workers and encourage local surveys and reports on specific manpower needs in the construction industry.

The Construction Industry Collective Bargaining Commission will establish a subcommittee to develop a program to provide leadership and to communicate the need for developing quality vocational education programs with local school districts, unions and construction contractors. Greater acceptance of training in vocational education programs, as partial fulfillment of apprenticeship entrance requirements, should be promoted.

I am directing that this subcommittee devote attention to one of our great national needs--the need to restore pride in a craft and to promote the dignity of skilled labor. Construction skills are important to the nation, and they are a source of pride to their possessors. We must stress that such skills are not only well rewarded financially, but that they are a highly regarded and prized national resource--one deserving of the highest respect.

The Department of Health, Education, and Welfare will work with the States--in developing State plans for vocational education in secondary and post-secondary education as well as cooperative education programs--to emphasize training in construction crafts and to channel these trained people into productive employment.

The Department of HEW will encourage States to provide training in construction crafts in its special funds designated for areas of high youth unemployment.

The Department of HEW will, within 60 days, collect and disseminate information on experimental and innovative training methods and systems, especially in cooperative programs involving construction unions and contractors.

B. Department of Labor Programs

I direct the Secretary of Labor to prepare a plan within 60 days expanding present enrollment in Department of Labor programs providing training for construction skills by 50 percent, increasing this pace over the next five years.

1. Apprenticeship

Apprenticeship is one of the best systems for training craftsmen. While there are wide variations among trades, less than half of the construction journeymen have received their training through apprenticeship programs. Modern training methods and the large number of pre-apprenticeship training opportunities make it possible to improve existing apprenticeship programs. I am directing the Department of Labor to undertake a comprehensive study of apprenticeship programs in construction crafts during the next six months and to recommend to me by October 1, 1970, to what extent and in what ways apprenticeship training programs can be improved and expanded.

2. Veterans' Training Program

To permit the talents of thousands of returning veterans to be employed in a manner beneficial both to the nation and to themselves, I propose a Veterans' Training Program for the Construction Trades. The young men who have served our nation, risking their lives and delaying their careers, deserve the best we can give them in providing rewarding employment opportunities.

I am directing the Secretaries of Defense, Health, Education, and Welfare, and Labor to develop training programs in the construction crafts to be provided servicemen during the final months of their enlistment. I anticipate that the program will enroll over 50,000 trainees during the next two years. Extensive

job-placement efforts will be required to provide maximum employment opportunities for the program's graduates upon completion of training. Unions and employers should participate as fully as possible in the planning and implementation of the program to insure that these veterans will be accepted for available employment at a level commensurate with the skills attained.

3. Supplementary Training

While the apprenticeship system provides well-trained craftsmen, its potential is limited now to young people with strong educational background. To expand opportunity for other workers, apprenticeship needs to be supplemented with different types of training for construction crafts. One promising supplementary training program is the agreement signed by the Department of Labor, the National Constructors Association, and the United Association of Plumbers and Pipefitters (AFL-CIO) to train 500 members of minority groups for positions as journeyman pipefitters. I encourage extension of similar training for the disadvantaged to other construction branches and to all regions of the country.

4. Federal Construction Projects

Training opportunities in construction crafts presently are provided on most Federal construction projects. I direct the heads of all Federal government agencies to include a clause in construction contracts that will require the employment of apprentices or trainees on such projects, and that 25 percent of apprentices or trainees on each project must be in their first year of training. The number of apprentices employed shall be the maximum permitted in accordance with established ratios.

5. Equal Employment Opportunity

There can be no social justice until there is economic justice, and equal employment opportunity is the key to economic justice in America.

To supplement its effort throughout all of industry, the Federal government has taken a number of steps to insure that employment in the construction industry is available to all persons regardless of race, creed or color. Executive Order 11246 prohibits discrimination in direct Federal and Federally assisted contracts. Title VII of the Civil Rights Act of 1964 prohibits discrimination by business firms and unions.

I direct all Federal agencies and departments to review their construction programs to make sure that they are in accordance with Executive Order 11246, and to provide assistance in the programs for equal employment opportunity

in the construction industry being developed by the Department of Labor. I direct the Secretary of Labor to review and propose revisions, as appropriate, of Federal regulations governing equal employment opportunity in approved apprenticeship programs. All agencies and departments shall report to the Cabinet Committee on Construction by July 1 of each year on their programs to insure that equal employment opportunity exists in their direct and assisted construction projects.

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